United Nations Conference on Trade and Development

GENERAL

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Evaluation of the world trade and economic situation and consideration of issues, policies and appropriate measures to facilitate structural stages in the international economy, taking into account the interrelationships of problems in the areas of trade, development, money and finance with a view to attaining the establishment of a new international economic order and bearing in mind the further evolution that may be needed in the rules and principles governing international economic relations and UNCTAD's necessary contributions to a New International Development Strategy for the Third United Nations Development Decade (agenda item 3)

Assessment of the progress made towards the establishment of the new international economic order (General Assembly resolution 32/196) (agenda item 4)

Contribution of UNCTAD to the preparation of the new international development strategy (General Assembly resolution 32/195) (agenda item 5)

Interdependence of problems of trade, development finance and the international monetary system (agenda item 6)

The meeting was called to order at 3.20 p.m.

INTRODUCTORY STATEMENT BY THE PRESIDENT

1. The PRESIDENT said that the present session of the Board was taking place at a time when the world economic outlook was black and the international community - developed and developing countries alike - faced pressing and dangerous problems, which had been analysed in the secretariat's study of the subject (TD/B/716). The many questions on the Board's agenda were directly relevant to that outlook and also reflected the work done in the fifth period of the Conference.

2. The Board had been given useful advice at the fifth session of the Conference in areas such as assistance for the least-developed and geographically disadvantaged countries, economic co-operation between developing countries, commodities, protectionism and the transfer of technology. The there was also much that had not been done and even that remained to be done if the North-South dialogue was to be given the necessary impetus. He believed that at the present session the Board would make a significant contribution towards bringing a new sense of purpose to the definition and formulation of realistic strategies for global economic management.

3. With respect to the evaluation of the world trade and economic situation and the facilitation of structural change - a question which had been at the heart of the discussions at the fifth session of the Conference, there were those, including the Secretary-General of UNCTAD, who believed that, even though agreement had not been possible at that time, it had not been as far off as might have appeared. Doubtless the Board would wish to give high priority at the present session to achieving a meeting of minds on appropriate measures to advance consideration of a subject of such central importance.

4. In addition, the Board must decide the way in which UNCTAD would make its contribution to the preparation of the New International Development Strategy. That was an urgent matter, since the strategy was to be adopted by the General Assembly in 1980 and UNCTAD's input would undoubtedly be of major importance. It might be more useful for the Board at the present session to concentrate attention on the institutional arrangements by means of which UNCTAD should fulfil that task.

5. With respect to the assessment of the progress made by UNCTAD within the area of its competence towards the establishment of the New International Economic Order, the Board must consider how it should go about preparing the reports that would be presented at the special session of the General Assembly in 1980. Once again, the Board might find it more fruitful to look more closely at the mechanisms that might be involved in carrying out the detailed preparation of UNCTAD's report on the new order.

6. Under item 5 of the agenda, the Board would, in particular, have to make provision for certain important meetings concerned with economic co-operation among developing countries. It must also organize, within an appropriate existing body, an annual review of the patterns of production and trade in the world economy.

3. The current session of the Board was taking place against a complex background of developments in other forums since the fifth session of the Conference, including the recent work of the Preparatory Committee for the New International Development Strategy, the ninth summit conference of the non-aligned movement and recent decisions by the General Assembly Committee of the Whole.

4. The Board's task would not be an easy one, but its terms of reference gave it the political authority to take the negotiable decisions in order to give the secretariat the necessary guidance to arrive at the programme of activities agreed upon at Manila and in dealing with the other major issues on its agenda.

PLENARY MEETING (agenda item 4) (continued)

(a) ELECTION OF OFFICERS (continued)

Election of Vice-Presidents

9. Mr. VERMA (India) nominated, for the Group of 77, Mr. Razafina (Madagascar), Mr. Martinez (Argentina), Mrs. Augusto (Trinidad and Tobago), Mr. Al-Attiyah (Qatar) and U Maw Aung (Burma) for the office of Vice-President.

10. Mr. PACZKOWSKI (Poland) nominated, for Group D, Mr. Bourges (Hungary) and Mr. Pankin (Union of Soviet Socialist Republics) for the office of Vice-President.

11. Mr. JANNI (Italy) nominated, for Group B, Mr. Cordero di Montezemolo (Italy), Mr. Gaynor (Ireland) and Mr. Hustad (Norway) for the office of Vice-President.

12. Mr. Al-Attiya (Qatar), Mrs. Augusto (Trinidad and Tobago), Mr. Cordero di Montezemolo (Italy), Mr. Gaynor (Ireland), U Maw Aung (Burma), Mr. Hustad (Norway), Mr. Martinez (Argentina), Mr. Verma (India), Mr. Pankin (Union of Soviet Socialist Republics) and Mr. Razafina (Madagascar) were elected Vice-Presidents by acclamation.

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS (agenda item 11) (continued)

(b) REVIEW OF THE IMPLEMENTATION OF RESOLUTION 77(III) (TD/B/L.533/Add.1 and 2)

13. The PRESIDENT reminded members that when it had adjourned on 2 August 1979, the United Nations Cocoa Conference, 1979, had adopted a resolution (TD/COCOA.7/6) in which it asked the International Cocoa Council to request the Secretary-General of UNCTAD to fix a date for the reconvening of the Conference, if possible in September 1979 and, in any event, before the end of 1979. At its thirteenth session, the Council had adopted a decision in which it requested the Secretary-General of UNCTAD to reconvene the Conference for a period of two weeks from 19 to 30 November 1979. The Secretary-General of UNCTAD had accordingly made provision for that session in the draft calendar.

14. Mr. NICOLLE (Deputy Secretary of the Board), referring to the statement of the financial implications of a resumed two-week session of the United Nations Cocoa Conference contained in document TD/B/L.531/Add.2, said that the cost was estimated at $166,000.

15. The PRESIDENT said that, if there was no objection, he would take it that the Board, having heard the statement of financial implications made by the UNCTAD secretariat, approved the resumption of the United Nations Ocean Conference for a period of two weeks.

16. It was so decided.

EXPLANATORY STATEMENT BY THE SPOKESMAN FOR THE GROUP OF 77

17. Mr. ITTAH (Ghana), speaking on behalf of the Group of 77, said that in the short time which had elapsed since the fifth session of the Conference, there had been disruptions of the world economy which clearly demonstrated that the international economic system was suffering from structural maladjustments leading to increasing imbalances and instability operating to the detriment of the developing countries. The rates of inflation in many developed countries had increased significantly; the currencies of some of those countries had once again become highly unstable; the terms of trade for most developing countries were continuing to deteriorate; and the balance-of-payments deficits of many of those countries had reached staggering dimensions.

18. Many fundamental questions considered at the fifth session of the Conference had remained unresolved and progress achieved since then had been disappointing. Negotiations on commodities had not advanced, with one exception, and the multilateral trade negotiations had failed to provide a code on "safeguards". The exports of the developing countries continued to encounter restrictions or further barriers in many sectors.

19. The concern of the developing countries had recently been expressed by the Heads of State or Government of the non-aligned countries in a declaration on issues relevant to the work of UNCTAD, and by the Ministers for Foreign Affairs of developing countries members of the Group of 77 in the declaration made in New York in the last week of September 1975. The Group of 77 was very concerned about the negligible progress of the negotiations for the implementation of the Declaration and Programme of Action calling for the establishment of the New International Economic Order. The obstacles which impeded its establishment must be identified and it was to be hoped that the developed countries would display a greater political will in overcoming them.

20. The contribution of UNCTAD to the International Development Strategy had always been important. One of the major concerns of the international community and UNCTAD was to help create an international environment and establish a framework oriented towards the accelerated, self-sustaining development of the developing countries which could improve their standard of living and quality of life. Within the framework of viable, consistent and specific goals which would, inter alia, reduce the disparities in income between the developed and developing countries, the Strategy should define the role and agreed commitments of all countries with a view to the adoption and implementation of measures to achieve those goals within a given time. As the current economic situation stemmed from basic inadequacies in the system, the Strategy would

have to provide for, in addition to the quantitative targets, a process leading to the restructuring of the economic relationship between developed and developing countries in the entire range of trade and economic activities. It should incorporate the new programme for the least-developed countries and promote the control by the developing countries of their natural resources. Besides the policies designed to achieve a more equitable economic relationship between developing and developed countries, there must also be a new dimension based on the principle of the collective self-reliance of developing countries. The Strategy must also provide for recasting the "book of rules" and principles governing such economic relations and giving a greater voice to the developing countries in international institutions. The Group of 77 hoped that the Board would be able to agree on guidelines for intensive work in that area in order to be able to make an effective contribution to the Strategy.

21. Among the unfinished business which the Conference had referred to the Board, the Group of 77 attached great importance to agenda item 5. It was more than ever convinced of the need for concerted action in the areas of trade, development, money and finance in support of the development process of the developing countries, in order that the short-term policies should promote, and not obstruct or distort, the longer-term goals of the international economy and the establishment of a dynamic new set of rules for international economic relations. The Group of 77 therefore hoped that it would be possible, at the current session of the Board, to reach an agreement on regular consultations to be organized within UNCTAD for those purposes. It believed that consultations or negotiations in any one forum should not impede the progress of substantive negotiations elsewhere.

22. In its declaration at the fifth session of the Conference the Group of 77 had expressed concern about the conduct and inadequacies of the multilateral trade negotiations. That concern remained, in particular with regard to the failure of negotiations in the safeguards area due to the insistence of a few developed countries on seeking provisions which would allow unilateral discriminatory action. The Group hoped that, in the implementation of the results achieved so far, nothing would be done which would adversely affect the interests or rights of the developing countries.

23. There was another question which continued to be of concern to the Group of 77: the implementation of the resolution concerning the re-organization of the debt burden and the formulation of guidelines for future operations in that area. The need for action had increased because of the mounting debt burdens of several developing countries and the further worsening of the situation forecast for 1979 and 1980. In the overall context of monetary and financial problems, it would also be necessary to ascertain how to make the existing system of financial co-operation more effective.

24. The Group of 77 believed that it was possible to expand the exports of developing countries to the socialist countries and to increase co-operation between those two groups of countries. At its current session the Board should not merely make a review of the results achieved, but should take positive action.

25. He stressed the need to give effect to the decisions adopted at the fifth session of the Conference, especially those relating to protectionism and adjustment assistance, the implementation of the Integrated Programme for Commodities and supplementary measures (rapid establishment of the Common Fund and conclusion of commodity agreements), technology, the problems of the least-developed, island developing and land-locked countries, and economic co-operation among developing countries.

26. The agenda for the nineteenth session was heavy. The Group of 77 hoped that the Board would concentrate on basic issues and provide better guidance for its permanent bodies, in accordance with the recommendation made at the fifth session of the Conference, without spending too much time on questions which could be decided quickly or questions of a routine character.

27. Several conferences would shortly be held on problems which had been discussed for a long time: the transfer of technology, restrictive business practices, multimodal transport and the Common Fund. The Group of 77 hoped that at those conferences the developed countries would display the necessary political will to arrive at positive results which would represent a step towards the establishment of the New International Economic Order.

EVALUATION OF THE WORLD TRADE AND ECONOMIC SITUATION AND CONSIDERATION OF ISSUES, POLICIES AND APPROPRIATE MEASURES TO FACILITATE STRUCTURAL CHANGES IN THE INTERNATIONAL ECONOMY, TAKING INTO ACCOUNT THE INTERRELATIONSHIPS OF PROBLEMS IN THE AREAS OF TRADE, DEVELOPMENT, MONEY AND FINANCE WITH A VIEW TO ATTAINING THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER AND BEARING IN MIND THE FURTHER EVOLUTION THAT MAY BE NEEDED IN THE RULES AND PRINCIPLES GOVERNING INTERNATIONAL ECONOMIC RELATIONS AND UNCTAD'S NECESSARY CONTRIBUTION TO A NEW INTERNATIONAL DEVELOPMENT STRATEGY FOR THE THIRD UNITED NATIONS DEVELOPMENT DECADE (agenda item 3) (TD/227 and Add.1, TD/225, TD/236, TD/249)

ASSESSMENT OF THE PROGRESS MADE TOWARDS THE ESTABLISHMENT OF THE NEW INTERNATIONAL ECONOMIC ORDER (GENERAL ASSEMBLY RESOLUTION 33/193) (agenda item 4) (TD/B/757)

CONTRIBUTION OF UNCTAD TO THE PREPARATION OF THE NEW INTERNATIONAL DEVELOPMENT STRATEGY (GENERAL ASSEMBLY RESOLUTION 33/193) (agenda item 5) (TD/B/758)

28. Mr. MAIZELS (Director, Economic Policy Evaluation and Co-ordination Unit), introducing agenda items 4 and 5, said that it was appropriate to consider together the documents prepared by the secretariat under the two items (TD/B/757 and 758). Since the adoption of the General Assembly resolutions on the establishment of a New International Economic Order, interpretations of the concept of the new order had differed widely and it was necessary to clarify its meaning in order to be able to make a considered assessment of the progress achieved.

29. The UNCTAD secretariat had already submitted to the Board, at its eighth special session, a report (TD/B/642) in which it had identified the two main elements of the New International Economic Order, namely, the reform of the institutional framework governing international economic relations between developed and developing countries, and the strengthening of economic co-operation among developing countries.

30. The new report by the secretariat (TD/B/757) focused on those two elements. Chapter I explained the concept of the New International Economic Order, while Chapter II gave a purely descriptive report of the measures that had been taken in each of the main areas of concern to UNCTAD. In the area of commodities, considerable progress had been made in certain respects, notably, on the common fund and the rubber agreement, but much remained to be done, particularly with respect to commodity processing in the developing countries and the increased participation of those countries in distribution and marketing. The resolution adopted on the subject at the fifth session of the Conference should be a good starting-point for future work.

31. As to trade in general, progress on such questions as protectionism, assistance in structural adjustments and the restructuring of the international division of labour had been scanty. There again, the relevant resolution adopted at the fifth session of the Conference should provide a sound basis for work along it invited the Board and its subsidiary bodies to keep the problems presented by protectionism under regular review and to recommend solutions to them.

32. In matters of shipping, progress had been made towards the implementation of the Code of Conduct for Liner Conferences, and the relevant resolution adopted at the fifth session of the Conference was, in any case, an initial step towards arrangements designed to promote the participation of the developing countries in the transport of bulk cargoes generated by their own foreign trade.

33. The secretariat report also gave an account of the measures taken to intensify economic and trade relations among countries having different economic and social systems, and made a detailed analysis of the programme of negotiations on the international monetary and financial system, an area in which very little progress had been made towards the establishment of a comprehensive support system of compensatory financing to alleviate short-term balance-of-payments problems.

34. Negotiations on a code of conduct for the transfer of technology were well-advanced, and UNCTAD was taking part in the revision of the industrial property system now in progress in the World Intellectual Property Organization (WIPO). In addition, an important step had been taken to mitigate the severe effects of the brain drain.

35. As to the second basic element in the New International Economic Order, namely, the strengthening of economic co-operation among developing countries, the resolution adopted on the subject at the fifth session of the Conference established a very detailed and

extensive programme of work for UNCTAD. For the time being, work was still at a transitional phase, at which studies were being prepared in order to set the stage for intensive negotiations among the developing countries themselves aimed at the establishment of a comprehensive system of economic co-operation.

36. Chapter III of the report was devoted to obstacles to progress. The secretariat had not attempted to examine each case, but had tried to indicate the general problems encountered during the negotiations as a whole, while at the same time laying stress on two specific points. First, the developed countries appeared to feel that they would derive little benefit from reforming the structure of international economic relations, possibly because they regarded such a reform as a constraint upon their ability to cope with their present economic problems. If that was really so, a deeper study should be made of the possible role of such a reform in overcoming the present stagnation and malaise of the world market economy.

37. Secondly, the report pointed out in general terms that the General Assembly resolutions on the New International Economic Order did not give any specific indications as to the major policy measures implied by the new order or the way in which it should be established; neither an order of priority nor a time-frame had been set.

38. Those two elements were not, of course, the only reasons for the current difficulties or for the impasse which had been reached in the North-South dialogue, but they were important and should be given fuller consideration by the Board. The secretariat had made a first attempt to assist the Board in identifying the obstacles encountered in the establishment of the new order, and even if its only achievement was to stimulate reflection or to provide additional information, its report on the assessment of the progress made towards the establishment of the new order (TD/B/757) would have served its purpose.

39. Turning to agenda item 5, he said that the report by the secretariat on the contribution of UNCTAD to the preparation of the new Strategy (TD/B/758) was merely intended to raise some substantive and general problems. The first thing to be done was to agree on the conceptual framework of the new Strategy since that would ultimately determine the major policy components and the order of priority. The Strategy should be directed essentially towards designing a package of measures capable of modifying the institutional relations and machinery of the world economy. Their modification would not be possible without intensive negotiation on specific elements of the Strategy, which should provide for institutional changes aimed at promoting economic co-operation among developing countries on the basis of collective self-reliance.

40. In preparing its contribution to the work of the General Assembly and of the Preparatory Committee for the New International Development Strategy, the Board should consider questions of that kind in connexion with the objectives to be set for the Strategy and also with each of the major policy areas of concern to UNCTAD. It should define the elements of institutional and structural reform in each area, and the main measures necessary to support such reform. Chapters II and III of the report set out the main problems raised in each of these areas.

41. In general, the formulation and implementation of the new Strategy called for three comments. In the first place, the Strategy should set the order of priority for international negotiations on specific aspects of the reform of the machinery and relations of the world economy, preferably within an agreed time frame. Negotiations on the key issues of the North-South dialogue might then be established as one of the principal objectives of the new Strategy, without disregarding quantitative targets of the traditional type.

42. Secondly, there should be no repetition of the mistakes made in the previous Strategy, which had failed partly because Governments had not been required to make firm commitments or to accept clearly-defined lines of conduct, and because responsibility for the implementation of the Strategy had not been clearly assigned. Before formulating the new Strategy, therefore, it was necessary to consider the extent to which Governments would be prepared to make firm commitments for the future. Thirdly, another weakness of the previous Strategy had been the procedures for review and appraisal. The general policy recommendations had been vague, and so had the assignment of responsibilities for implementation, with the result that the meetings on review and appraisal had been unable to reach a useful consensus of ways of improving implementation of the Strategy. The new Strategy should therefore lay down, in unambiguous terms, specific recommendations that would clearly determine responsibilities for implementation.

INTERDEPENDENCE OF PROBLEMS OF TRADE, DEVELOPMENT FINANCE AND THE INTERNATIONAL MONETARY SYSTEM (agenda item 6) (TD/B/756; TD/B/L.360)

43. The PRESIDENT reminded the Board that it had decided that the item should be maintained on the agenda for its regular sessions, and that, at its previous session, it had deferred consideration of a draft resolution submitted by the African Group (TD/B/L.360) until its nineteenth session.

44. Mr. ARGENTIS (Director, Money, Finance and Development Division) said that the world economic outlook was connected with the interdependence of trade, financial and monetary questions, which had already been taken up under agenda item 3 on the evaluation of the world trade and economic situation. He would therefore confine himself to making a few observations on the report by the secretariat on the world economic outlook, 1979-1980 (TD/B/756).

45. It was generally held that there was a recession and that it was liable to continue until 1980. That view was based on the results, issued in July, of the work of certain research institutes. Economists acknowledged that the outlook had become even gloomier since then, owing, among other things, to the forecasts for the United States, whose growth rate might well be close to zero. The report before the Board dealt more especially with the problems of the non-oil-exporting developing countries, which were expected to record an unprecedented deficit of over $50 million in 1980. The developing countries as a whole could withstand a deficit of that magnitude, but only at the cost of further increasing their indebtedness. In some of those countries, which had no access to capital markets, growth would slow down even further. The outlook for the least-developed countries was particularly black, and their problems were likely to become more acute as a result of the policy adopted by certain donor countries of cutting down their official development aid.

46. UNCTAD had been stating for years that short-term adjustment policies should be compatible with long-term development objectives and with the need for structural changes in the world economy. That view had recently been confirmed by the Managing Director of the International Monetary Fund at its Annual Meeting, when he had clearly brought out the need to link short-term and long-term policies on the subject if the world economy was to be reformed.

47. Mr. ISRAR (India), speaking on behalf of the Group of 77, proposed that the text of the introductory statement by the Secretary-General of UNCTAD should be issued as a document of the Board.

48. Mr. HECKLE (Deputy Secretary of the Board) said that the financial implications of the proposal, in accordance with General Assembly resolution 3538 (XXIX), were that the work would be approximately 700 pages in length, of the kind that issued in the original language, and about 2,000, at the rate of $250 per page, if it were issued in the four working languages of UNCTAD. It would be about 3,400, at the rate of $250 per page, if it were issued in the six official languages of UNCTAD. For reasons of economy, the Board might wish to have the work issued in the original language only.

49. The PRESIDENT asked the Board if it wished the text of the statement by the Secretary-General of UNCTAD to be issued in the six official languages.

50. It was so decided.

The meeting rose at 6.30 p.m.